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Spotlight ON FOREIGN MARKETING

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TO U.S. AGRICULTURAL ATTACHES AND FAS STAFF MEMBERS

Vol. III, No. 3 March 5, 1959

MODERN AMERICAN CONVENIENCE FOODS and how they can contribute to better living will be the theme of the USDA exhibit at Lausanne, Switzerland, June 13-28.

The U. S. exhibit will be one of many government exhibits held in conjunction with the 4th International Congress on Food Distribution.

On display at the U. S. Pavilion will be virtually every type of prepared and specialty food produced in this country. Included will be prepared frozen and canned foods and meals; frozen, ready-to-cook poultry; cake, muffin, and cookie mixes; and fresh packaged citrus and possibly other fruits. Special displays within the exhibit will feature staple U. S. export products including fruit, grain, and poultry products.

Expected to attend the Congress will be several thousand food industry leaders from all world areas. Several promotional affairs are planned to introduce these modern American foods to many of these leaders.

At the 3rd International Congress on Food Distribution, held in Rome in June 1956, USDA sponsored the first full-scale American supermarket ever shown abroad. Since that time the supermarket movement has gained impetus in Europe.

FIRST PROMOTIONAL DINNERS IN WEST GERMANY WERE SUCCESSFUL, according to early reports from Phil Eckert, Agricultural Attache in Bonn. "Buffet U.S.A.," as the experimental project is called, incorporates ideas which have been successfully tested at trade fairs and elsewhere. An additional ingredient has been added in the form of a carefully-planned public relations and publicity campaign.

U. S. trade organizations have already contributed to the success of the luncheons by furnishing a variety of sample materials. The National Cotton Council of America furnished 600 cotton bolls for boutonniers; cotton table cloth and napkins were especially designed for the affairs; the Great Plains Wheat Growers are furnishing souvenir pencils with a capsule of wheat at one end; The American Farm Bureau Federation is supplying a colorful U. S. commodity map, and a German leather firm is furnishing cigarette pack holders made from U. S. hides.

EXPORTS OF U. S. FARM PRODUCTS IN F.Y. 1958 WERE THIRD HIGHEST ON RECORD. Total of $4 billion compared with $4.7 billion record in 1957 and $4.1 billion in 1952. Exports in 1958 were $0.4 billion above the 1954-57 average.

Last year's exports were equal to over half the cotton crop; two-fifths of the wheat and rice; one-third of the soybean, tobacco and tallow output; one-sixth of the lard output and feed grains sales by farmers. (See "Export Fact Sheet" 2/59)

WHEAT AND WHEAT PRODUCTS BEING PROMOTED IN INDIA under 104(a) Project Agreement with the Washington Association of Wheat Growers and the Great Plains Wheat Market Development Association. The Washington group has opened an office in New Delhi and are actively engaged in promotional activities. The first phase of the program was an exchange of Indian and U. S. wheat teams at the end of last year. This exchange created a favorable climate for future projects. The cooperator is considering such activities as: expansion of the baker's school in Bombay; demonstration kitchen busses, similar to those used successfully in Japan; school lunch program; a model municipal bakery located in a key city; promotion of bulgor wheat, and participation in International trade fairs.

OUR COTTON PROMOTION IN THE NETHERLANDS "is getting better day by day," according to a recent report from Ag Attache Robert Reed. "The Dutch seemed slow at first in accepting U. S. techniques in promotion," he said, "but they are catching up fast." Just how fast was indicated by the clamor for cotton displays, newspaper and magazine stories on the project. Reed said that because this is the first USDA market development project in the Netherlands, "it is fortunate that we led off with a real winner."

THE GUATEMALAN GOVERNMENT HAS APPOINTED A POULTRY ADVISORY COMMITTEE to help plan an aggressive domestic poultry industry. For the past several years this country has been a growing market for U. S. poultry. As consumer demand grew the Government became aware of the inadequacy of refrigerated storage space between ocean-port and consumers, hence the Government's action to take care of their needs locally.

TUNG OIL. Since February 1 tung oil has been offered for export sale at the rate of one million pounds each week. The program originally started December 1, 1958, with offers being received twice each month. The change was made because of the large buying interest shown.

DAIRY PRODUCTS. On February 1 after prior consultation with other producing countries CCC announced dairy price revisions for export sales. The previous prices had been in effect since August 1956 without change despite wide fluctuations in world markets. The new prices are intended to be more nearly competitive than in the past. The present plan is to make revisions periodically as needed in order to remain at competitive levels with other countries.

FIRST STAGES OF THE EUROPEAN COMMON MARKET went into effect on January 1. A detailed article on this subject can be found in the February issue of Foreign Agriculture.

CCC MONTHLY SALES LIST FOR MARCH 1959: Butter, nonfat dry milk, cheddar cheese, cottonseed oil, cotton (upland and extra long staple), peanuts, corn, wheat, rice (rough and milled), oats, barley, rye, grain sorghums, dry edible beans, flaxseed, soybeans, burley tobacco, gum rosin, gum turpentine, and tung oil.

Principal changes in the list for March are the addition of dry edible beans -- red kidney and pea -- and the resumption of competitive bid offerings of gum rosin and gum turpentine for export.

All commodities currently offered for sale by CCC, plus tobacco from CCC loan stocks, are eligible for export sale under the CCC Export Credit Sales program. The following commodities are currently eligible for barter: Cotton, tobacco, rice (except California Pearl), wheat, corn, oats, barley, sorghum grain, soybeans, butter, cheddar cheese, and nonfat dry milk. This list is subject to change from time to time.

Interest rates per annum under the CCC Export Credit Sales program for March 1959 are 3-7/8 percent for periods up to six months, 4-3/8 percent for periods from over six and up to 18 months, and 4-7/8 percent for periods from over 18 months up to a maximum of 36 months.

REVISED PRICE INDEX ON TOBACCO MAY ENCOURAGE EXPORTS. The USDA announced in January the revision of the Parity Index and of the Index of Prices Received by Farmers. These revised indexes are based mainly on a Farm Expenditure Survey which covered farm operation and living expenditures during 1955.

The net effect of the revision is to reduce parity prices as computed in January 1959 about 3-1/3 percent from what they would otherwise have been. For example, support level of flue-cured tobacco under the unrevised formula would have been 57.4 cents per pound as compared with 55.5 cents under the revision.

COTTONSEED OIL. CCC announced a competitive bid sales program for both crude and refined cottonseed oil in the February Monthly Sales List. The program provides for unrestricted use sale in both domestic and foreign markets. Oil is offered at Houston and other Texas interior points. The minimum acceptable bid for crude oil is 11 cents per pound and 12.48 cents for refined oil with premiums and discounts as defined in the rules of the National Cottonseed Products Association.

MARKET DEVELOPMENT NEWS NEEDED FOR SPOTLIGHT. Readers of this newsletter are encouraged to send short items on market development activities for publication. This invitation includes agricultural attaches, who are in a position to do on-the-spot evaluation of promotional projects in their area. It has been proved many times that knowledge gained from a successful project in one country can apply to a similar project in some other part of the world.

Send items to Editor Spotlight on Foreign Marketing, FAS, Washington.

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TABLE I, GUIDE TO COMMERCIAL SALES

Commodity	Unit	Grade, Type or Variety	Location	Latest Price Week of 2/23/59	Price Year Earlier
Wheat 1/	Bushel	#2 H.W.	Galveston	$2.34-2.46	--
" 2/	"	#1 S.W.	Portland	2.04	2.24
" 3/	"	#2 S.R.W.	Baltimore	2.20	2.40
Barley 4/	"	#3 Feed	Baltimore	1.355	--
"	"	"	New Orleans	1.3525	--
"	"	#2 Western	N.W. Ports	1.2325	--
Corn 4/	Bushel	#2 Yellow	Baltimore	1.375	--
"	"	"	New Orleans	1.2925	--
Grain Sorghums 4/	Cwt.	#2 Yellow Milo	Gulf	2.33375	--
Oats 4/	Bushel	#2 White	Baltimore	.83125	--
"	"	"	New Orleans	.82875	--
Great Northern	Cwt.	#1	West Coast	8.00	--
Pea Beans	"	#1	East Coast	8.00	--
Pinto Beans	"	#1	Gulf	7.40	--
Small Red	"	#1	West Coast	7.25	--
Cottonseed Oil	Pound	B.P.S.Y.	Mar.Fut.N.Y.	.1297	.1625
Soybean Oil	"	Refined	New York	.1175	.1425
Cottonseed Oil	"	Crude	Valley	.1075	.1425
Soybean Oil	"	Crude	Decatur, Ill.	.0925	.1138-.1150
Linseed Oil	"	Raw	Minneapolis	.1280	.1480
Lard	Pound	Refined 50# tin	Chicago	.10875	.1425
Tallow	"	Prime Inedible	Chicago-FOB	.0650	.0750
Greases	"	Choice White	" "	.0750	.0900
Soybeans	Bushel	#1	Chicago	2.22	2.26
Cottonseed Meal	Sh. Tn.	41% Bagged	Memphis	65.00	61.00
Soybean Meal	" "	44% Bagged	Decatur	58.50	52.00
Milk, Evap.	Case	48-14-1/2 oz.	Pac.Cst.Mkts.	6.30-6.60	6.10-6.60
Eggs, Shell	Doz.Med.	Mixed Colors	New York	.35- .36	.40-.4050
" Dried	Pound	Whole	" "	1.15-1.21	1.15-1.25
Beef Trimmings	"	75-85%lean froz.	Chicago	.3800	.3300
Beef Hearts	"	Regular Froz.	"	.2400	.2525
Beef Livers	"	" "	"	.2725	.2500
Pork Trimmings	"	" "	"	.1500	.2200
Chicken, R.C.	"	Gr.A Broilers	New York	.30-.32	.34-.37
Turkey, R.C.	"	Gr.ABeltsville	" "	.40-.42	.42-.4650
Canned Apricots	Doz.#2-1/2	Choice Halves	FOB-Calif.	3.85	3.075
" Peaches	" "	" "	" "	2.80-2.90	2.60
" Pears	" "	" "	" "	3.60	3.25
Grapefruit Secs.	Doz. #303	Fancy, Lt. syrup	FOB-Florida	1.875	1.775
Orange Juice	Doz. 46 oz.	Sweetened	" "	3.85	2.75
Oranges, Fresh	Std. Ctn.	Size 163	" "	2.36	4.12
Raisins	Lb. Bulk	Natl.Tompson	FAS-Calif.	.265	.19
Prunes	Pound	80-90	" "	.235	.15-.155
Lemons, Fresh	Std.Ctn.	180	FOB-Calif.	2.60	2.44
Apples, XFCY	Box	Winesap-138	FOB-Wash.	3.15-3.25	2.50-2.75

1/ Export payment all destinations except Latin America and West Indies, $.58; to Latin America and West Indies, $.55. 2/ Export payment - all destinations, $.44. 3/ Export payment - all destinations, $.58. 4/ Export payment accepted by CCC for Feb.-Mar. shipment: barley, $.20; corn, $.04; grain sorghums, $.34; oats, $.12.

TABLE II, CCC PORT PRICES FOR EXPORT

Commodity	Unit	Grade, Type or Variety	Port Location	Latest Price	Date of Sales 1959
Butter	Pound		Any U.S. Port	.39 (fixed)	Feb. 16-20
Milk	"	Spray	" " "	.099(fixed)	" "
Cheese	"	Cheddar	" " "	.22(fixed)	" "
Cotton, Upland	"	Upland	Any U.S. Port and Storage Location	.2841	" "

UNITED STATES DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service

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A PROGRESS REPORT ON COOPERATIVE COTTON PROMOTION ABROAD

This is a case study of market development techniques used by the cotton industry and F.A.S. to build and maintain foreign markets. The report summarizes activities carried out in 11 countries since the inception of the program in 1956.

SUMMARY.--Today cotton is undergoing the first true worldwide sales promotion program that any basic U. S. farm commodity has ever had.

A hard-hitting, aggressive promotion program is now under way in 11 important cotton-using countries through the cooperation of the U. S. Government and private industry: the Cotton Council International (CCI) and the Foreign Agricultural Service (FAS) of the Department of Agriculture, and cotton trade groups and interests abroad.

This program started in January 1956. CCI is financially supported by the six primary cotton interest groups in the United States: producers, merchants, ginners, warehousemen, spinners, and cottonseed crushers. CCI and the cooperating foreign industry groups pay at least half of the cost. The other half is paid by FAS with foreign currencies made available from Public Law 480.

The 11 countries are: United Kingdom, Italy, Spain, Austria, Belgium, France, Holland, Germany, Switzerland, Finland, and Japan. These countries have more than 350 million people and account for 45 percent of the foreign free world's cotton consumption.

The purpose of this cooperative work is to increase the use of cotton products throughout the world, and it is based on the premise that the way to build larger export markets for U. S. cotton is to expand consumer demand.

These are long-range programs and must be continued for several more years before we can appraise the lasting benefits. We can, however, appraise possibilities by looking at the three countries where the programs have been operating the longest: France, Germany, and Japan.

In the two years since this promotion program started, cotton consumption in France increased an average of 12 percent over the two marketing seasons starting August 1, 1954. In Germany, the increase of 11 percent for the same period. Naturally other factors may be involved, but certainly promotion contributed to these increases. During the same period in Japan, domestic consumption of cotton

products increased 20 percent per capita above the two years preceding the start of the program. Each of the other, and newer, cooperators is following a similar trend.

The traditional foreign market for U. S. cotton has been regarded as about 5 million bales annually. CCI and FAS believe that if these promotion programs fulfill early promises, and provided that U. S. cotton can become fully competitive, the level of exports could eventually rise to 7 or 8 million bales annually. There is also the feeling that this may be conservative, considering mushrooming world populations and rising standards of living.

HOW IT'S BEING DONE.--There's nothing entirely new in the methods and procedures being used in this cotton promotion work being done abroad. Most of them are familiar to U. S. business and industry. In fact, they are the same techniques that have been used so successfully by the National Cotton Council of America (CCI's counterpart organization in the United States) in increasing cotton use in the United States. They involve market research, press and public relations work, manufacturer-retailer relations, fashion shows and special events, and exhibits at international trade fairs.

CCI-FAS cooperative efforts start with fashion for a very simple reason. The objective is to encourage people to be better dressed and to make their homes more comfortable and more attractive. And, naturally, we try to persuade them that they can do this best with cotton.

Fashion is the means, first, of making people more conscious of their wardrobes. Then, next, of stimulating a desire for a better wardrobe. It's an inherent feeling for people to want to be dressed better.

Then the volume markets follow the fashion lead in fabric as well as in style. If cotton is strong in the fashion field, it stands a good chance of dominating the volume markets. Fashion is the locomotive that pulls the big volume train.

1. Market Research.--Market research provides eyes and ears for cotton market development programs. It helps guide promotion and research. It seeks four basic types of information: (a) Quantity data on the size of end-use markets for cotton and competing materials to measure the relative importance of each market, consumption trends, strength of competition and effects of research and promotion; (b) information on essential quality requirements by uses and relative quality advantages of cotton and its competition to show research and promotion needs and opportunities; (c) measurement and evaluation of the effect of price on cotton consumption by end uses as a guide to improving distribution and in balancing promotional emphasis on quality and price; (d) special data on needs and opportunities for promotion by end uses to help plan activities and funds for maximum potential returns.

Some results of market research: This cooperative market research has brought to light literally hundreds of intriguing bits of information about cotton use, and its likes and dislikes.

In several countries it appears that men spend more of the family clothing dollar than women. This is directly opposite to U. S. conditions. In one country, ready-to-wear clothes accounts for about half the women's apparel sold. In a neighboring nation the level is only about five percent. Virtually every housewife questioned in still another country said that her sheets were linen; when in fact, they were almost all cotton.

The studies have also begun to reveal similarities on many points. Sheets, towels, men's shirts and women's dresses usually rank near or at the top of cotton markets. And women in most places, like their U. S. sisters, seem to agree that comfort, durability, economy, and beauty are the qualities they want most in fabrics, and like best about cotton.

In fact, these cooperative market research programs are giving cotton industries in many countries their first realistic look at their own markets, and the future potential of these markets.

2. Press and Public Realtions.--Coordinated, spirited press and public relations programs in cooperating countries are causing a tremendous revival of interest and enthusiasm among all concerned with the growing, processing, distribution, and using of cotton. The story of cotton is getting across to the public as never before.

The first stop in such a program is to enlist the cooperation of top-flight fashion designers. Once this has been done, the next step is to inform the rest of the world -- fashion leaders, manufacturers, retailers, and consumers -- of the designers' acceptance of cotton. To do this, bulletins and free photographs, articles on the good qualities of cotton, and information on fashion shows and other special events are sent to all major newspapers and magazines. Instead of emphasizing glamorous evening gowns, this information usually features every day wear; dresses for little girls, shirts for men, household textiles, and even non-apparel items, like tents made of cotton canvas.

Providing factual, newsworthy material like this to the French press in 1957 resulted in the placement of 1,380 photographs and articles in the equivalent of 2,205 magazine pages, plus 10,758 lines of newspaper space.

A recently completed color motion picture is being used successfully to tell the cotton story many places abroad, especially in schools, factories, and stores. The movie, "Cotton -- Nature's Wonder Fiber," has been translated into six languages and has been shown in some 40 countries. It is now being shown in public

schools in France. Some 5,000 women's clubs in Holland are using it. Mexico is planning to show it in more than 100 commercial theatres in the country. It has been shown on 70 U. S. TV stations. The U. S. Information Service has shown it to 25,000 Burmese.

3. Manufacturer-Retailer Relations. -- Manufacturers and retailers naturally should be aware of likes and desires of consumers. For that reason CCI and FAS are cooperating with these two groups on the promotion of ready-to-wear cotton products. In most countries other than the United States, very little ready-to-wear women's and children's apparel is available. Where it is found, quality is often poor and prices are usually high. But the size and quality of wardrobes could be increased remarkably for the same money by adopting U. S. techniques and mass production in garment factories. Europeans especially have been slow to use these modern techniques because of a definite, long-standing prejudice against ready-made clothing.

To help these two groups, this cooperative program includes the running of paid advertisements to build prestige and acceptance for ready-to-wear cotton clothes. This will result in the wider availability of really good-style ready-made clothes at prices the average woman can or will pay. The largest manufacturer-retailer program currently underway is in France. Here, 74 pages of advertising have been run by the French cotton industry cooperators in publications directed at manufacturers and retailers of women's apparel, children's wear, lingerie, men's wear, and household furnishings.

A related part of this manufacturer-retailer relations program is furnishing educational booklets for retail sales training programs. These help guide the sales thinking and attitude of sales personnel -- the persons who probably have the greatest influence of all on what consumers buy. The program also involves supplying retailers with ideas for their own store and window displays, for their own local advertising, and ideas for special events in which they may participate to capture public attention for cotton products and articles.

CCI's sales training booklet, "Why Cotton," has been translated into 6 foreign languages. More than 250 thousand copies have been distributed in 10 countries. This interesting, easy to read publication colorfully describes cotton, the results of surveys showing what customers prefer, and it stresses the appearance, comfort, dependability, and economy of cotton products.

4. Fashion Shows and Special Events.--A pretty girl, fashionably dressed, is a sure-fire attention getter anywhere in the world. Fashion shows have long been a traditional method of promoting apparel. For that reason, fashion shows arranged by CCI and FAS, assisted by FAS marketing specialists, are used in all countries to gain public attention and to supplement the basic promotional pattern on cotton. Because of the glamour accompanying these shows, press and

media coverage is always excellent. For that reason the shows reach a far wider audience than just those attending.

Another special event was a program to promote cotton school uniforms in Japan. Still another was a Christmas Gifts campaign in the Netherlands.

Probably the biggest single special event held during this entire cooperative program so far was the first international cotton fashion show at Venice, at the annual meeting of the International Federation of Cotton and Allied Textile Industries, in the fall of 1957. On the display runway were 119 all-cotton garments designed and made by the world's top-flight designers of the 11 cooperating countries. The creations represented the best available in cotton.

The show was covered by the major fashion magazine and wire services of the world, and especially by TV and newsreel services of Europe, the United States, and Japan. Movies of the event were being circulated a year later on TV and among women's groups all over the world.

This was undoubtedly the most widely publicized cotton event the world has ever seen. But beyond this was the deep impression it made on the world's 400 textile leaders who attended. They saw the variety and versatility cotton offers. It proved in the most dramatic way that cotton, as one Italian journalist reported, is "Queen of Fashion" all around the world.

Cotton Weeks are ideal opportunities to focus public and industrial attention on products made from cotton. Such weeks, modeled after the U. S. National Cotton Week, have been widely used in the past 3 years. In Belgium, for instance, some 10,000 retail stores cooperated during the Belgian Cotton Weeks by using cotton posters and brochures in a nation-wide Week promotion.

In Spain, retail stores used 67,000 different pieces of advertising materials for its national Cotton Week.

An estimated half the population of Japan witnessed the special cotton Week festivals and store exhibits in 17 principal cities last year.

But the most popular special event of all at home and abroad has been the Maid of Cotton. Miss Helen Landon, the 1957 Maid of Cotton, visited 19 cities in England, Spain, France, Belgium, Switzerland, and Germany. She appeared in 16 fashion shows, and made 25 press, radio, and TV interviews, 13 official store visits, and 35 other public appearances. The resulting newspaper stories and other media coverage was virtually astounding. The 1959 Maid of Cotton, Miss Malinda Berry of Oklahoma, will tour the world this year, building good will for the U. S. cotton industry and creating further awareness for cotton as she goes.

5. Exhibits at International Trade Fairs.--Starting in late 1955, the U. S. Department of Agriculture, in cooperation with U. S. industry, has been sponsoring exhibits of U. S. agricultural products at international trade fairs. Prominent among the commodities exhibited has been cotton, usually in the form of style shows, where models, usually native to the country, publicly wear and display high-fashion clothes made from U. S. cotton.

These popular exhibits and frequently are the outstanding attractions at trade fairs. In March 1958, at the Japan International Trade Fair, three 30-minute style shows were held daily. The huge U. S. exhibit hall invariably was filled at the beginning of each show. Japanese models wore both Japanese and western style formal, every-day, and sports clothes made in Japan from U. S. cotton.

Through 1958, products made from U. S. cotton had been exhibited at eight international trade fairs in five countries.

FUTURE POTENTIAL.-- Thus, these promotional techniques have been molded into a positive, far-reaching, and long-range instrument for increasing cotton use throughout the world. These programs are stimulating the thinking of cotton groups in other countries, and this is resulting in increasing attention to improving cotton products. Moreover, there is more and more emphasis on effective distribution and use.

The programs are also awakening the foreign cotton industry to the realization that cotton has a great potential. New enthusiasm is being generated: there is a general awakening throughout the cooperating countries to the fact that the future increased use of cotton can be impressive.

For example, per capita consumption of cotton in the United States is about 25 pounds a year. World average is about 6.6 pounds. European per capita consumption is about 10 pounds yearly. Increasing the world per capita use by just two pounds -- which would still leave most of the world well below Europe and the United States -- would require the growing, harvesting, shipping, spinning, weaving, fabrication, and distribution of an additional 11 million bales of cotton annually. Europe itself would need the products of 1.6 mllion bales above present levels, if such an increase were reached.

This aim is not impossible to reach. The economic future of cotton is now under-stood; the challenge is clear: to promote the use of cotton throughout the world on an organized and effective basis.

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Prepared cooperatively by Foreign Agricultural Service and Cotton Council International.